General Carter:

Here is your written message. I have taken no actions.

W Elder

SECRET

30 October 1962

URGENT

MEMORANDUM FOR: General Marshall S. Carter

At the Executive Committee meeting this morning, the President directed as follows:

1. CIA do everything possible to insure no refugee or emigre provocative actions against Cuba are undertaken with or without our knowledge during the next several days. The Miami station and the MONGOOSE Task Force should be alerted to exercize every precaution to see that no unauthorized attempts are made. This should be done without discussion or disclosure to the refugee groups.

2. CIA should attempt to estop Alpha 66 actions during the next several days. The President was informed by DCI we have no contact with or control over Alpha 66. DCI was instructed to attempt through every resource available to influence Alpha 66 to stand down operations during the next several days.

3. The activities of Operation MONGOOSE are to be stopped during the next several days and therefore all prior approvals for sabotage, infiltrations, guerrilla activities, caching of arms are to be temporarily suspended. The direction of Operation MONGOOSE will be reconsidered after current negotiations are completed.

NOTE: After the meeting McCone, Bundy and the AG discussed the approved plan of sabotaging Cuban ships or shipping (Item 2-B of Lansdale's memorandum of 10/26) and it was the opinion of Bundy, DCI and the AG that these operations should be suspended for the next several days.

NOTE: General Lansdale was informed by DCI by grey phone of 1, 2 and 3 above - 10/30 at 11:00 A.M.

4. The President requested that all the principals who are attending Executive Committee meetings and those in the Departments who were in intimate contact with the Committee's procedures and decisions not contact anyone of the Press for the next several days. Press contacts are to be made by Salinger and Sylvester and a representative of State. Any necessary Press contacts by CIA, and these must be kept at a very minimum, perhaps should be made by Col. Grogan. (This was not mentioned in the Executive Committee meeting.)

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The above has been communicated to you by telephone. This memorandum serves to confirm decisions which require implementation by you.

/s/

JOHN A. McCONE
Director

JAM/mfb
Orig & 3cc to addressee
1cc - DCI chrono
1cc - DCI #5 file

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JOHN A. McCONE
Director

November 14, 1962

MEMORANDUM FOR: General Carter, DDCI

Attached is a copy of a memorandum for my file outlining policy decision in connection with the Cuban prisoner transaction. In your absence this memorandum was discussed with Messrs. Helms, Houston, Miskovsky and McManus, and upon receiving final approval from higher authority at 1:45, Mr. Houston was instructed by me to initiate appropriate actions.

It is exceedingly important that great care be exercised to minimize the publicity and to emphasize humanitarian interest on the part of the United States Government in securing the release of the prisoners. Both the President and the Attorney General are anxious that the explanations given the Cuban Families Committee be handled with great care. I agree with this and urge that extreme caution be taken to avoid attribution or CIA implication in this matter.

SIGNED

John A. McCone
Director

Attachment

JAM:at
1 cc - DCI Chrono
1 cc - DCI Memoranda
1 cc - Memo for the Record

14 November 1962

MEMORANDUM OF CONVERSATION WITH THE ATTORNEY GENERAL CONCERNING THE NEGOTIATION FOR THE RELEASE OF THE CUBAN PRISONERS.

The meeting took place at the residence of the Attorney General at 10:30 a.m., on Thursday, November 14, at the DCI's request.

McCone explained that he had had dinner the evening before with Mr. Edward Foley (former Under Secretary of the Treasury, legal representative and a Director of the Drug Industry Association).

Mr. Foley had questioned DCI concerning the negotiations for release of Cuban prisoners in exchange for some 50 million dollars in drugs, and stated that Mr. Donovan had been in touch with members of the industry (presumably Pfizer and Merck) in the past few days, that indications were that the transaction was to be worked out promptly, and the subject would undoubtedly be discussed at length at the Industry's Board of Trustees meeting in New York on November 16th.

Mr. Foley stated that the Industry had no clear understanding of the Government's position, most particularly in view of Cuban developments of the last three weeks.

After explaining to Foley the background of the transaction I told him that Mr. Donovan had been told to do absolutely nothing in this matter and expressed great surprise that the subject was a topic of current discussion among members of the Industry.

In the meeting with the Attorney General I expressed grave concern over the situation, pointing out that CIA had 20 million dollars on covert deposit in the Bank of Canada and that two Letters of Credit had been issued by the Bank, one in the amount of 10 million dollars to Pfizer, and one for seven million dollars to Merck. As long as this money was on deposit and the letters outstanding, there was a danger of publicity emanating from either Donovan or the drug industry, or both. Despite the fact that no official government

connection had ever been admitted, publicity would implicate the Administration and CIA in the negotiation because of recent press stories (most particularly the Herald Tribune articles) identifying Administration and CIA activities and citing the exact amount of 17 million dollars as representing the Government cost of the drugs. I pointed out that certain elements of competition between the members of the drug industry made it almost a certainty that "leaks" would come from industry sources as long as the letter of credit were outstanding, regardless of Mr. Donovan's denials.

Furthermore, consummation of the transaction seemed totally unrealistic in view of current difficulties with Castro and if an article appeared indicating we were still pursuing this transaction, the American public and a great many others would be confused and disenchanted.

For the above reasons, and feeling that damaging publicity undoubtedly would appear, I strongly recommended that we arrange for the bank to withdraw the Letters of Credit, and for the withdrawal of a substantial part of the money from the [Bank of Canada] Also advise Mr. Donovan that the pursuit of this effort must await a better climate although our interest remained constant. I urged that action be commenced today.

The Attorney General, after some discussion involving an exploration of possible alternatives, agreed with the course of action.

We agreed that we should carefully explain to the Families Committee and possibly to Miro Cardona that we were in no way abandoning our intention to secure the release of the prisoners but were forced because of circumstances beyond our control to set the negotiation aside pending further developments on other important problems involving our Cuban relationship.

McCone discussed the above with Mr. Bundy who personally approved the action and, in turn, received approval from higher authority. The latter was communicated to the DCI by telephone at 1:45 p.m.

Copy to General Carter w/
covering memo

JOHN A. McCONE
Director

November 6, 1962

MEMORANDUM FOR: Mr. Cline, DD (I)

SUBJECT: Castro as a Threat to the Americas.

I think that in analyzing Castro's potential in the Western Hemisphere as covered by paragraphs 9 through and including 21, we should consider his posture and potential under various alternatives of possible United States decisions and probable Soviet policies.

Let us assume for the moment that the United States meets the exact letter of the Kennedy-Khrushchev exchange and no more. This would mean the withdrawal of IL 28s, the halting of the establishment of a submarine base, and some acceptable form of inspection verifying the removal and assuring against the reintroduction of offensive devices, U.S. commits not to invade. At this point U.S. commitment on propaganda, sabotage, guerrilla activities and other actions designed to overthrow Castro is not very clear, but I think that we can assume that such activities if attempted would be no more successful in the future than they have been in the past, which is about zero.

Having reached this point, the Soviets have at least three alternatives:

One, they can abandon Castro, reduce military and economic aid, cut their losses, and in such event Castro would soon collapse. Current intelligence does not support such a probable Soviet course of action, otherwise they would not be disposed to leave such quantities of extremely valuable modern military hardware, including the SAM sites, communications equipment, and extensive Naval and ground equipment and a large number of technicians.

Second, they could maintain about the same level of economic and military support as in the past, although I would feel this could not be a very reasonable assumption from the standpoint of military support as the presence of large amounts of additional military equipment, including those mentioned above, would necessitate a higher level of military support than before in order to provide operational readiness, training, maintenance, spare parts, replacements, etc. This does not mean more economic support, although I think Castro could insist upon it on the grounds that Soviet equipment is a burden to him and of course Dorticos alluded to this in statements in New York.

Third, the Soviets having accomplished one of their objectives, that of securing a U.S. guarantee against invasion, will increase their military and economic aid so that all military materiel will be workable at all times and the Castro economy will be reasonably well off.

Under each of these alternatives, Castro's posture and his effect on the United States and other Western Hemisphere countries will differ vastly and I would suggest that your paper be oriented so that it will project for the benefit of policy makers the consequences, favorable or unfavorable, under these several alternatives.

It is my personal opinion that Mikoyan will return to New York in a few days and will announce an agreement for some perfunctory Red Cross ground inspection of the missile sites and nothing else, will deny any intention of a submarine base, will dismiss the IL 28 issue as wholly beyond the Khrushchev-Kennedy agreement, will indicate that all Soviets are leaving Cuba except economic and agricultural advisers, and will state most persuasively that the Khrushchev-Kennedy agreement has been fulfilled to the letter and demand our non-invasion commitment.

He will then build Castro up and indicate Soviet intention for supporting in every way and to go right down the line with him.

Castro will feel secure, his political and military structure will be manageable, and Cuba will be used by Castro and the Soviets more aggressively in the future than it has in the past in disturbing Western Hemisphere countries.

This is the situation I fear, and I think our policy makers whose negotiations are trending toward the establishment of a set of conditions and commitments which will make the third case mentioned above a probability, should have the benefit of our thinking as to the consequences. In doing this, equal attention should be given to the first two alternatives.

In further reference to the paper, the historical background is excellent, the country by country annex useful, although if time permitted we might get the chiefs of station to give the current view of their contacts as Win Scott did. The inventory of equipment is useful but I propose that it be broken down into three columns, a pre-July 1st, 1962, added since July 1962, and the total as of now.

John A. McCone

26 September 1963

MEMORANDUM

SUBJECT: CIA activities in South Viet Nam

1. Prior to January 1962 the CIA maintained a modest station in South Viet Nam, the purpose of which was to support the Ambassador and Headquarters with reports on the internal situation in South Viet Nam, the activities of the Viet Cong and the Communists and their threat to the government, and to assist the government in its internal security problems. Among other things we trained and equipped Special Forces whose mission was to conduct a variety of unconventional activities such as the infiltration of V.C. centers, interdiction of supply routes, interfering with V.C. communications, sabotaging V.C. efforts, harrassment, etc.

The CIA station created about a dozen training centers throughout South Viet Nam in which selected nearby villagers would be trained in community defense and civic action. It issued arms and thus provided the actual defense of the strategic hamlets created in the areas. These activities were carried on with the support of the U.S. Special Forces. As the activities expanded, a determination was made to shift prime responsibility to the military, with CIA in support, and the switch has been accomplished successfully. About 75,000 South Viet Namese have been trained.

CIA created a South Viet Namese intelligence organization, established a civilian intelligence system and trained the personnel. In addition the Agency assisted in the development of intelligence apparatus within the SVN military.

In addition a variety of activities were supported designed to assist the basic objective of winning the war.

Without exception all CIA programs in South Viet Nam were coordinated with the Ambassador and also in Washington. CIA took no unilateral actions nor involved itself in designing policy. CIA has been represented at all policy meetings in Washington, including NSC and Executive Committee meetings and all of the McNamara-Pearl Harbor meetings held to review progress. The activities of the station were examined by all inspection teams such as General Wheeler's mission, General Krulak's several missions, Mr. Forrestal's missions, etc. At no time prior to recent surge of critical publicity have CIA's activities in Saigon been reported other than cooperative and an integral part of an accepted and agreed policy.

2. CIA Reporting.

In June 1962 I traveled extensively in South Viet Nam. I reported upon my return that repressive measures of the Diem/Nhu regime were causing considerable criticism and that there was

danger of a coup. This situation was watched carefully by our CIA station and at frequent intervals we reported that the image of the regime was tarnishing and hence its effectiveness was questionable. A number of estimates and a great number of reports and appraisals were issued, each one warning that the deterioration of the regime's popularity gave rise to serious question concerning the future trend of the war and CIA warned that unless corrective measures were taken by the regime to improve its image, it was quite possible the war would be lost or that a popular uprising would cause the removal of the regime. For 18 months at frequent intervals rumors of coups were received by our station and were reported to the Ambassador and to Washington. Throughout this period our Chief of Station at the direction of the Ambassador met once every two weeks with Ngo Dinh Nhu, explored all problems relating to the situations in which we had a common interest, and reported to the Ambassador. Contacts were also maintained with many groups in South Viet Nam, with military leaders and with knowledgeable citizens.

A review of the reporting over 18 months and resulting estimates bear out that the Agency consistently warned of the deteriorating situation and the possible consequences.

During this period we also analyzed the progress of the war and the thrust of our reporting was to the effect that as the American advisers were able to exercise their influence on the South Viet Namese military, and our Embassy and General Harkins were able to persuade Diem to reorient and redeploy his forces, gradual but consistent favorable progress was made.

3. Attitude of the Station and Others

In any difficult situation involving guerrilla warfare where progress can not be measured in territory won or lost, and in casualties and prisoners, differences of opinion among observers arise. Likewise Americans required to work with a stubborn and authoritarian regime often become exasperated by the difficulties involved. Furthermore Americansaccustomed to our civil liberties, freedoms, and the rights of the individual are shocked by the conduct of a government which deprives the individual of these privileges. Finally an American community living among natives, many of whom are viciously critical of the government (and this is the case in Saigon and Hue), are bound to be influenced by, and to a degree espouse, these criticisms.

For these reasons there have been serious differences within the American community.

Within the CIA station there are differences of opinion. Some feel the cause is hopeless with the Diem regime in power. Others feel it best to go along with the regime until a better one appears. The reporting has been, however, consistent and has coincided with the views of Ambassador Nolting.

Within AID and USIA there have been strong differences of opinion and the same is true of the Embassy staff. On the other hand, the military which is devoted to the single task of defeating the Viet Cong, had turned its back on political problems and concentrated on military problems and have been steadfast in refusing to be deterred by internal political issues.

Many people have become highly emotional, have talked too much and have given the impression of very deep splits.

orig - used by DCI at Reston luncheon - 9/26/63
2 cc - W. Elder

4. <u>Situation in the last several weeks.</u>

The Hue incident on May 8th was a serious setback for the Diem Government. The agreement with the Buddhists on June 16th was designed to improve the situation. The agreement was never carried out. Increasing agitation by the Buddhists culminated in the raids on the pagodas on August 21. This was carried out apparently at the direction of Nhu by the Special Forces, some of whom are in the Saigon - Hue area and by the military. In this connection it is to be noted that neither MACV nor CIA maintained absolute control over the deployment of the Special Forces and it is to be noted that substantial units of them were deployed to the north and engaged in their regular assignments.

The action on August 21 broke the camel's back as far as those in the United States Government who felt that the cause would be lost if the Diem regime remained. Therefore, a cable was sent to the Ambassador instructing him to insist on effective reforms including reducing the influence and authority of the Nhus and if this could not be accomplished by persuation to take such action as would accomplish this objective even though it meant removing the regime.

The fault in this instruction was that there existed at the time no firm estimate as to the possibility of successfully reforming the regime and no plan for a successor regime.

At this point CIA was asked by the Ambassador and General Harkins to query certain military leaders and to determine whether the

resentment had created a body of opinion among the military, the Security Forces and the public that would carry off a coup and establish a new government. CIA reported this condition did not exist. During the week of August 26 and without taking a position as to whether the regime should or should not be removed, the Agency urged care and deliberation. It pointed out that to act precipitously and without assurance of success a civil war would inevitably result, the war against the Viet Cong would be lost and the Communists would take over.

This position was highly exasperating to those who wished to move precipitously. It is for this reason that the advocates of action to move precipitously without coordination and without intelligence support are now carrying on a campaign against the Central Intelligence Agency and the Station.

see page 5

13-00000

2 September 1964

MEMORANDUM FOR: General Carter

You will note from the very brief memorandum of my discussion with Secretary Rusk that he made two requests -- the first, a study of the reasons for lack of action of the Communists in Southeast Asia. This is a matter I discussed at this morning's meeting and I hope that we can have an OCI memorandum on my return.

The second question was concerning clandestine channels to Castro, the Chinese Communists and Hanoi. This should be given serious thought by DDP. Each situation differs. I am sure we could, if we desired, open up a channel to Castro. The Peiping and Hanoi situations are more difficult. In one respect there is a channel open to Peiping through Warsaw, but it is not effective. Perhaps the Taipei Station would have some thoughts on this. Also, there is a channel to Hanoi through the Canadian representative on the ICC; however this obviously is an "official" channel and is not very productive. I think it would be well to go over this matter with Dick Helms when he returns.

Secretary Rusk expects comments on both these points next week.

JOHN A. McCONE
Director

Attached:
Copy of MR on Discussion with Secretary Rusk

#5 file